

# ANN TAYLOR

THE SWEATSHOP FILES

## Vital Statistics:

Annual sales: \$1.2 billion  
 Net profits: \$52.4 million  
 No. of stores: 475



CEO J. Patrick Spainhour's  
 annual compensation  
 (1999): \$3 million



Ann Taylor worker's wage in China (1998): 14¢ an hour<sup>1</sup>

## Company Profile:

Ann Taylor, the 18th largest apparel retailer in the U.S., sells women's fashion apparel at its Ann Taylor, Ann Taylor Loft and outlet stores. Ann Taylor products are manufactured at 236 sites around the world, most of them in Asia. More Ann Taylor clothing is made in China than in any other country. Workers in the Chinese garment sector are paid less than 25 cents an hour for workweeks that can last over 90 hours and have no political freedom to stand up for their rights.



## Sweatshop Files

Chinese workers toil  
 96 hours per week for  
 14¢ an hour

### Factory Profile:

Kang Yi Fashion Manufacturers

**Location:** Shenzhen, China



Heading to work in China

In a rare look at conditions in Chinese garment factories, a 1998 National Labor Committee report found three hundred young female workers making suits and jackets for Ann Taylor at this factory in southeastern China. They worked 14-hour shifts, 6 days a week and up to 96 hours per week during rush periods. Their average earnings were 23 cents per hour, though some workers earned as little as 14 cents per hour, far less than is needed to survive in China. The women lived in dormitories with 6 to 10 workers in each room.<sup>2</sup>

<sup>1</sup> National Labor Committee, "Made in China: Behind the Label" (New York, 1998).

## Sweatshop Files

Forced overnight shifts  
 in El Salvador

### Factory Profile:

Doall Enterprises

**Location:** San Marcos  
 Free Trade Zone, El Salvador



Heading to work in El Salvador

A National Labor Committee report found that workers at Doall Enterprises were forced to work overtime, making their shifts 13 to 15 hours long. Sometimes they worked even longer, with mandatory all-night shifts and work 7 days a week. Most workers took a "No Doze" stimulant to remain awake. They earned 60 cents an hour, which allowed them to afford only half of a basic basket of goods as defined by the Salvadoran government. Workers were allowed to use the bathroom only twice per day, and no sick days were given.<sup>3</sup>

<sup>2</sup> Ibid.

<sup>3</sup> National Labor Committee, [www.nlcnet.org/liz/doall.htm](http://www.nlcnet.org/liz/doall.htm), 1998.

# Abercrombie & Fitch

THE BEST AND THE BRIGHTEST

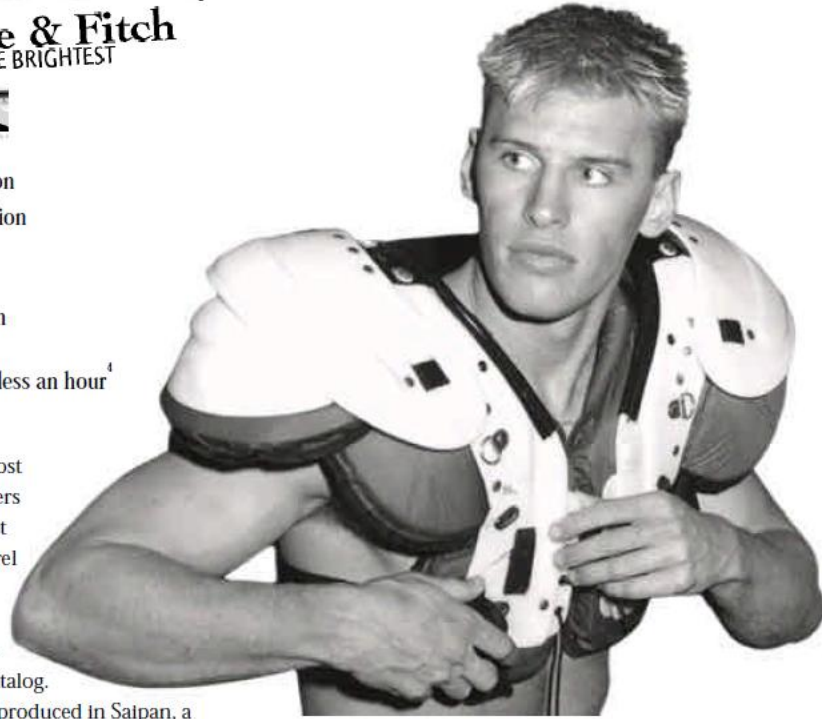
## Vital Statistics:

Annual sales:	\$1.2 billion
Net profits:	\$158 million
No. of stores:	375
CEO Michael S. Jeffries' annual compensation (1999):	\$4 million
Abercrombie worker's wage in Saipan (1999):	\$3.05 or less an hour <sup>4</sup>

## Company Profile:

Abercrombie & Fitch, one of the most popular clothing brands for teenagers and college students, has the highest net profit margin of any U.S. apparel company. The company sells its clothing through its Abercrombie & Fitch, Abercrombie and Hollister Co. stores, as well as its quarterly catalog.

Much of Abercrombie's clothing is produced in Saipan, a U.S. territory where workers in indentured servitude were found to be sewing garments with "Made in the USA" labels. The attorneys general for the states of Illinois and Michigan have taken action against Abercrombie to keep its catalog out of the hands of minors due to its sexually explicit content and promotion of underage drinking.



## Sweatshop Files

### Indentured servitude on Pacific island is "Made in the USA"

#### Factory Profile:

**Location:** Saipan, also known as Northern Marianas Islands, a U.S. territory in the Pacific

A lawsuit filed against Abercrombie & Fitch and other companies in 1999 charged them with responsibility for sweatshop conditions in this U.S. territory. According to the suit, thousands of Chinese migrant workers produce garments in Saipan, where they paid up to \$7,000 to arrive on the promise of getting a good job in the U.S. When they

arrived, they had to repay their debts by sewing clothes 12 hours a day, 7 days a week for Abercrombie & Fitch, The Gap, JC Penney, May Co. and other US retailers. Earning enough to pay their debts would take years, making the workers indentured servants. Many were forced to sign contracts forbidding them from participating in religious or political activity, asking for a raise, having a baby, falling in love or getting married. The workers effectively lived under Chinese law in a territory of the United States. A 1998 investigative report by ABC News found workers living in a rat-infested barracks where the toilets don't work and the water is contaminated. Some

**Carmencita "Chie" Abad, a former Saipan sweatshop worker now a workers' rights activist.**



workers fainted from excessive heat in the factories. Over 1,000 OSHA violations have been found in garment factories in Saipan, including locked fire exits. Many U.S. companies have been found selling garments made in Saipan with a "Made in the USA" label attached. Abercrombie & Fitch, unlike many other U.S. apparel companies, has refused to reach a legal settlement that would clean up sweatshops in Saipan.<sup>5</sup>

<sup>4</sup> Farhan Haq, "The Gap targeted over Saipan workers' rights," Asia Times March 6, 1999.

<sup>5</sup> ABC News, 20/20 March 13, 1998; Sweatshop Watch, "First-ever Lawsuits Filed Charging Sweatshop Conspiracy," January 13, 1999.

**GAP****BANANA REPUBLIC****OLD NAVY****Vital Statistics:**

Annual sales: \$13.7 billion  
 Net profits: \$877.5 million  
 No. of stores: 3,676



CEO Millard Drexler's annual compensation: \$8 million, plus \$12 million in stock options



Gap worker's wage in Cambodia: 21¢ an hour

**Company Profile:**

Gap Inc., which also owns Old Navy, Banana Republic, GapKids and babyGap, is the largest clothing company in the U.S. Gap profits more from the global sweatshop system than any other clothing company. Gap became an apparel industry leader by selling its clothing exclusively in its own stores, rather than in larger department stores. Gap apparel is produced in over 1000 sites throughout Asia, Latin America and Africa. Numerous Gap sweatshops have been exposed, including sites in Indonesia, El Salvador, Cambodia and the U.S. territory of Saipan. Unlike other retailers, Gap has refused to settle a lawsuit that would clean up its sweatshops in Saipan.

**Sweatshop Files**

**Workers knocked unconscious by factory short-circuit**

**Factory Profile:**  
Yung Wah Industrial Company

**Location:**  
Phnom Penh, Cambodia

In June 2000, "about 160 workers at the Yung Wah Industrial Company were knocked unconscious while sewing when a short-circuit in the factory sent powerful electric charges through their sewing machines," according to the South China Morning Post. Despite The Gap's three compliance officers in Cambodia, dangerous working conditions have led to serious industrial accidents like this one.<sup>11</sup>



Child labor in Cambodia

**Sweatshop Files**

**Child laborers hadn't seen parents for months**

**Factory Profile:**

June Textiles

**Location:**  
Phnom Penh, Cambodia

An exposé of The Gap in Cambodia by the BBC revealed that this factory employed child laborers as young as 12. At the time of the interview, the children had not seen their parents for as long as six months. The exposé also revealed workers living in "rat infested dormitories without running water," forced overtime, seven-day workweeks, and physical abuse. One worker reported that a supervisor pulled her hair for refusing to work overtime, and another worker reported having a pile of clothes thrown at her for sitting down on the job. Instead of fixing the problems, The Gap has stopped doing business with the factory, violating the anti-sweatshop campaign's desire for The Gap to stay in the factory and improve conditions

10 BBC, Panorama, October 15, 2000.

11 Global Exchange, "Gap Campaign Action Alert," June 23, 2000.

12 BBC, Panorama, October 15, 2000.

### 16.C.5c

Based on the corporation profiles from the full article “Retailers: Responsible for the Global Sweatshop Crisis”

Make a poster on one of the 3 companies that are evaluated in this article. Include the important information about the corporations (net profits, where the majority of the clothes are made). Compare the CEO’s compensation with the worker’s compensation. Figure out how many workers the CEO’s yearly salary could pay. Also include a cut-out or printed out ad for the corporation. Each group should present its company to the class, rather than each group reading the 5 corporation profiles.